



**Public Hearing Testimony of
Sharon M. Palmer, Commissioner
Department of Labor
Labor and Public Employees Committee
February 26, 2015**

Good Afternoon Senator Winfield, Representative Tercyak, Senator Hwang and Representative Rutigliano and members of the Labor and Public Employees Committee. Thank you for the opportunity to provide you with testimony regarding **House Bill No. 6793, AAC the Wilful Failure of an Employer to Declare Wages on Payroll Records for Unemployment Compensation Purposes**. My name is Heidi Lane and I am here to testify on behalf of Sharon Palmer, the Labor Commissioner.

I am here to testify in support of this bill. The bill seeks to increase penalties assessed against employers who intentionally fail to declare payment of wages in payroll records. All states impose penalties for fraudulent employer activities that lead to improper benefit or contribution payments. The amount of those penalties varies widely among states, ranging to amounts as high as \$100,000. In states with strong fraud deterrents, it is believed that improper benefit payments are reduced, contribution payments are increased and program integrity is enhanced.

Many constituencies from both labor and business have called for increased penalties for fraudulent activities. Also, the United States Department of Labor has charged states with improving the integrity of their unemployment insurance programs, including implementing stronger deterrents to fraud. This bill will level the playing field because it will penalize those employers who are intentionally failing to report wages on payroll records for unemployment compensation purposes.

Thank you for the opportunity to provide this testimony. I am available to answer any questions you might have.